

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

* * *

CHRISTINE OWEN,

Plaintiff,

V.

ADAM STOKES, et al.,

Defendants.

Case No. 2:18-cv-01581-GMN-CWH

ORDER

Presently before the court is defendants Adam Stokes, Adam Stokes, LLC, Half Price
Lawyers, LLC, and Mark Coburn's Motion for Leave to File Operating and Licensing
Agreements Under Seal (ECF No. 15). Plaintiff Christine Owen filed a response (ECF No. 16),
and the moving defendants filed a reply (ECF No. 17).

16 | I. Background

17 This case arises out of a dispute regarding operating and licensing agreements between the
18 parties. Owen sued in state court asserting fifteen claims against defendants Adam Stokes, Adam
19 Stokes, LLC, Half Price Lawyers, LLC, Mark Coburn, and Ramzy Ladah. Defendants
20 subsequently removed the action to this court. Defendants filed an unsealed petition for removal
21 and separately filed the licensing and operating agreements at issue under seal. (Pet. for Removal
22 (ECF No. 1); Sealed Exhibits (ECF No. 3).) Defendants moved to seal the exhibits, which the
23 court denied due to various procedural defects in the motion. (Order (ECF No. 14).) The court
24 allowed the exhibits to temporarily remain under seal while the parties met and conferred about
25 what, if any, portions of the exhibits should be sealed. (*Id.* at 2.) The court advised the parties
26 that if any party determined that any portion of the exhibits should remain sealed, that party was
27 required to file a motion to seal along with a proposed redacted version of the filing for the public
28 record. (*Id.*)

1 Adam Stokes, Adam Stokes, LLC, Half Price Lawyers, LLC, and Mark Coburn¹ now
2 move to seal the exhibits, stating that the parties were unable to reach an agreement regarding
3 sealing in the meet-and-confer process. These defendants argue the agreements are highly
4 confidential and proprietary. Defendants also argue the agreements are the subject of other
5 litigation in which the contents of the agreements were required not to be disclosed, though
6 defendants do not provide case numbers or protective orders related to the other litigation. The
7 defendants also state that disclosing the agreements may compromise an ongoing police
8 investigation regarding one of Stokes' former employees, but they do not provide any specific
9 information about the police matter. Alternatively, defendants argue the court should delay in
10 deciding the motion to seal considering that there is a pending motion to remand in this case and
11 the fact the documents were filed under seal in state court. Defendants argue this case is not a
12 matter of wide public interest and that Owen is not prejudiced by keeping the agreements under
13 seal, besides the inconvenience of dealing with sealed documents. Finally, defendants ask to be
14 allowed to redact the documents if the court determines the documents should be unsealed.
15 Defendants do not cite any legal authority in their motion, nor do they provide proposed redacted
16 versions of the agreements as previously ordered by the court.

17 Owen responds that defendants do not demonstrate compelling reasons to seal the
18 operating and licensing agreements. Owen also argues the defendants effectively disclosed their
19 business model—aside from exact ownership percentages, licensing fees, and the like—by
20 describing the agreements in their response to the pending motion to remand. Owen further states
21 that she does not oppose limited redactions to the licensing and operating agreements.

22 In their reply, defendants argue Rule 26(c)'s good cause standard applies to its motion to
23 seal. Defendants cite various cases from other districts regarding the sealing of operating
24 agreements in federal court. Defendants also emphasize that Owen has an original signed copy of
25 the operating agreement, as she is a signatory to the document, as well as a copy of the licensing
26 agreement and therefore would not be prejudiced by the sealing of the documents.

27

28 ¹ Defendant Ramzy Lada did not join in the motion or express an opinion on its merits.

1 **II. Analysis**

2 Generally, the public has a right to inspect and copy judicial records. *Kamakana v. City &*
3 *Cnty. of Honolulu*, 447 F.3d 1172, 1178 (9th Cir. 2006). Such records are presumptively publicly
4 accessible. *Id.* Consequently, a party seeking to seal a judicial record bears the burden of
5 overcoming this strong presumption. *Id.* For “most judicial records,” the party seeking to seal
6 the record must articulate “compelling reasons supported by specific factual findings [that]
7 outweigh the general history of access and the public policies favoring disclosure.” *Pintos v. Pac.*
8 *Creditors Ass’n*, 605 F.3d 665, 678 (9th Cir. 2010) (citing *Kamakana*, 447 F.3d at 1178-79).
9 Among the compelling reasons which may justify sealing a record are when such court files
10 might have become a vehicle for improper purposes, such as the use of records to gratify private
11 spite, promote public scandal, circulate libelous statements, or release trade secrets. *Kamakana*,
12 447 F.3d at 1179 (quotation omitted). However, avoiding a litigant’s embarrassment,
13 incrimination, or exposure to further litigation will not, without more, compel the court to seal its
14 records. *Id.*

15 “[A] different standard applies to ‘private materials unearthed during discovery,’ as such
16 documents are not part of the judicial record.” *Pintos*, 605 F.3d at 678 (citing *Kamakana*, 447
17 F.3d at 1180). Under Rule 26(c), a court may enter a protective order “to protect a party or
18 person from annoyance, embarrassment, oppression, or undue burden or expense.” “The relevant
19 standard for purposes of Rule 26(c) is whether good cause exists to protect the information from
20 being disclosed to the public by balancing the needs for discovery against the need for
21 confidentiality.” *Pintos*, 605 F.3d at 678 (quotation omitted). Given the “weaker public interest
22 in nondispositive materials,” the court applies the good cause standard in evaluating whether to
23 seal documents attached to a nondispositive motion. *Id.* “Nondispositive motions ‘are often
24 unrelated, or only tangentially related, to the underlying cause of action,’ and, as a result, the
25 public’s interest in accessing dispositive materials does ‘not apply with equal force’ to non-
26 dispositive materials.” *Id.* (citing *Kamakana*, 447 F.3d at 1179). It is within the court’s
27 discretion whether to seal documents. *Id.* at 679.

1 Here, the court applies the compelling reasons standard as articulated by *Kamakana* and
2 its progeny because the operating and licensing agreements are central to this case and are
3 extensively referenced in the complaint and the parties' filings. The agreements are not
4 documents that were unearthed in discovery that are only tangentially related to this case. Rather,
5 they are central to Owen's claims.

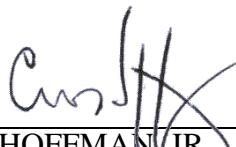
6 Although the moving defendants generally argue the agreements are highly confidential
7 and proprietary and could be copied by defendants' competitors, they do not specify which
8 portions of the agreements contain confidential and proprietary information. Nor did defendants
9 provide the court-ordered redactions that would allow the court to compare the sealed agreements
10 with the redacted versions of the agreements to evaluate whether there are compelling reasons to
11 seal the information. While the defendants provide argument of counsel regarding other harm
12 defendants may suffer in other pending litigation if the documents are unsealed, defendants do not
13 provide any specific information regarding those cases. Accordingly, the court finds that
14 defendants failed to demonstrate compelling reasons supported by specific facts that outweigh the
15 public's interest in accessing the licensing and operating agreements. The court in its discretion
16 therefore will deny the motion to seal.

17 **III. Conclusion**

18 IT IS ORDERED that defendants Adam Stokes, Adam Stokes, LLC, Half Price Lawyers,
19 LLC, and Mark Coburn's Motion for Leave to File Operating and Licensing Agreements Under
20 Seal (ECF No. 15) is DENIED.

21 IT IS FURTHER ORDERED that the clerk of court must unseal ECF No. 3.

22
23 DATED: July 9, 2019

24
25
26 
C.W. HOFFMAN JR.
UNITED STATES MAGISTRATE JUDGE

27
28